

ASIA FASHION HOLDINGS LIMITED

(Company Registration No. 41195)

(Incorporated in Bermuda)

PROPOSED PLACEMENT OF 58,800,000 NEW ORDINARY SHARES (“PROPOSED PLACEMENT”)

A. TERMS OF PLACEMENT

The Board of Directors of Asia Fashion Holdings Limited (the "**Company**") wishes to announce that the Company has entered into the following placement agreements (collectively, the "**Placement Agreements**") for the subscription of an aggregate of 58,800,000 new ordinary shares in the capital of the Company ("**Placement Shares**") on the following terms and with the following placees ("**Placees**"):

- (i) A placement agent agreement dated 25 March 2015 ("**Placement Agent Agreement**") with UOB Kay Hian Private Limited as placement agent ("**Placement Agent**"). Pursuant to the Placement Agent Agreement, the Company has agreed to issue up to 14,700,000 new ordinary shares in the capital of the Company at a placement price of S\$0.06 ("**Placement Price**") for each Placement Share and the Placement Agent has agreed to procure the subscription and payment for, the Placement Shares at the Placement Price for each Placement Share on a best endeavours basis. A placement commission of 3.5% of the Placement Price for each Placement Share subscribed pursuant to the Placement Agent Agreement, is payable by the Company to the Placement Agent.

Each placee subscribing for the Placement Shares pursuant to the Placement Agent Agreement will be independently procured by the Placement Agent. There is no need to justify to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") the independence of any such end placee.

- (ii) Placement agreements dated 25 March 2015 ("**Placee Placement Agreements**") with the following persons as placees, whereby the placees have agreed to subscribe for the following respective amounts of ordinary shares in the capital of the company at Placement Price, subject to and upon the terms of the Placee Placement Agreements:-

Name of Placee	Number of Placement Shares	Details on how the Placee was identified	Background and rationale for the Placee's subscription of the Placement Shares
Forest Education Foundation Limited (" Forest Education ")	2,940,000	Forest Education was referred by A C Partners Corporate Advisory Limited.	Forest Education was established in 2004 for charitable purposes and has been involved in the provision of education funds to poor students of the Gansu province in China, and has been involved in investments for ten (10) years. It has invested in the Company for investment purposes.
Grand Powerful	14,700,000	Grand Powerful	Grand Powerful was established

<p>Group Limited ("Grand Powerful")</p>		<p>was referred by A C Partners Corporate Advisory Limited.</p>	<p>in 2013 for Investment purpose. Its solo shareholder and director Mr. Cheng Ming Kit ("Mr. Cheng"), has over ten 10 years of experience in the fields of corporate finance and operations in China. He also has ten (10) years of investment experience. He served in various positions with New World Development Company Limited (HK: 0017) ("New World Development") from 1995 to 2003. During his tenure, he has worked with credit rating agencies to secure investment grade ratings for New World Development's bond issuance and was involved with New World Development's various equity offerings. Mr. Cheng served as the Chairman, Chief Executive Officer and Chief Financial Officer of Neo Alliance Minerals Inc. (TSX: NAM)(nka Synergy Acquisitions Inc. NEX: SAQ.H), a TSX Venture listed company from March 29 2006 to March 19 2007. Mr. Cheng served as an Executive Director at Grand T G Gold Holdings Limited from November 2008 to June 2009. He is currently the Chief Executive Officer of New Times Energy Corporation Ltd. (HK: 166) and the Executive Chairman of Blue Sky Power Holdings Limited (HK: 6828, UQ7.SI). He has invested in the Company for investment purposes.</p>
<p>Tsang Yuen Wai, Samuel ("Mr. Tsang")</p>	<p>14,700,000</p>	<p>Mr. Tsang referred by A C Partners Corporate Advisory Limited.</p>	<p>Mr. Tsang, joined Melco International Development Limited ("Melco") in November 2001. He is currently the Group Legal Counsel & Company Secretary of the said company. Mr. Tsang is a solicitor admitted in Hong Kong, England and Australia. As</p>

			<p>Group Legal Counsel and Company Secretary, Mr. Tsang oversees the legal, corporate and compliance matters of the group consisting of Melco and its subsidiaries. Mr. Tsang has worked as a lawyer with major law firms and listed conglomerates in Hong Kong for over thirty (30) years. He holds a master of laws degree from University of Hong Kong and a master of business administration degree from the Australian Graduate School of Management. He is currently an executive director of MelcoLot Limited (a subsidiary of Melco), a company listed on the Hong Kong Stock Exchange, and a director of Entertainment Gaming Asia Inc. (a subsidiary of Melco), a company listed on the NASDAQ Capital Market in the United States. He also has fifteen (15) years of investment experience. He has invested in the Company for investment purposes.</p>
<p>Wong Yu Chiu, Ben (“Mr. Wong”)</p>	<p>11,760,000</p>	<p>Mr. Wong referred by A C Partners Corporate Advisory Limited.</p>	<p>Mr. Wong, has worked in the financial field over thirty (30) years. Between 1989 and 1993, he was involved in institutional sales in Goldman Sachs Asia, and left as an Executive Director. He then founded Makindo Securities, a Futures and Asset Management Company in 1993 and sold it to a listed company in 2001. He remained in securities industry until now. He is currently the Managing Director of Cepa Alliance Securities Ltd. He also has 26 years of investment experience. He has invested in the Company for investment purposes.</p>

The above placees were introduced by the Company's appointed referral agent, A C Partners Corporate Advisory Limited, an advisory firm based in the British Virgin Islands. The commission payable to the introducer for introduction of the above placees is approximately S\$92,610, being 3.5% of the Placement Price for each Placement Share subscribed by the placees.

The introducer has no connection (including business relationships) with the Company, its Directors and substantial shareholders.

The issue price of S\$0.06 for each Placement Share represents a premium of approximately 9.09% to the volume weighted average price of S\$0.055 for trades done on the ordinary shares in the capital ("**Shares**") of the Company on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the full market day on 25 March 2015 (being the market day on which the Placee Placement Agreements were signed).

There are no share borrowing arrangements to facilitate the Proposed Placement.

The Placement Shares will be issued pursuant to the general mandate (the "**General Mandate**") obtained at the annual general meeting of the Company held on 30 May 2014 which authorises the Directors of the Company pursuant to Rule 806 of the Listing Manual of the SGX-ST, to allot and issue new Shares in the capital of the Company in accordance with, and subject to, the provisions of Rule 806 of the Listing Manual.

Under the General Mandate, the aggregate number of shares and convertible securities to be issued pursuant to the General Mandate shall not exceed 50% of the issued shares of the Company, of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the issued shares (excluding treasury shares) in the capital of the Company.

The share capital base of the Company for the computation of the number of shares which may be issued pursuant to the general mandate is 548,802,638 Shares (excluding treasury shares). Based on the General Mandate, the maximum number of Shares that can be issued to the Placees (after such adjustments as permitted under Rule 806(3) of the Listing Manual) is 109,760,527 Shares.

The Company had on 5 March 2015 and 16 March 2015 announced the proposed issuance of unsecured convertible bonds due 2017 of an aggregate principal amount of S\$2,660,000 ("**Convertible Bonds**") which is convertible into up to 38,000,000 ordinary shares in the capital of the Company at the conversion price of S\$0.07 per ordinary share. Save for the Convertible Bonds, the Company does not have existing warrants or other convertibles.

When completed, the Placement Shares will represent approximately 9.06% of the existing issued and paid-up share capital of the Company as at the date of this announcement.

When completed, assuming that the approval in principal of the SGX-ST has been received in respect of the Convertible Bonds, and the Convertible Bonds have been fully issued and converted:

- (a) The Proposed Placement will increase the issued and paid up share capital of the Company to 745,602,638 Shares.

- (b) 177,601,319 Shares (where members of the Company with registered addresses in Singapore are given an opportunity to participate in an issue of shares and convertible securities on a pro rata basis) or 12,960,528 Shares (where members of the Company with registered addresses in Singapore are not given an opportunity to participate in an issue of shares and convertible securities on a pro rata basis) may be further issued by the Company under respective limits permitted under the General Mandate.
- (c) The Placement Shares will represent approximately 7.89% of the enlarged issued and paid-up share capital of the Company after the issue of the Placement Shares.

When completed, assuming that the Convertible Bonds have not been issued:

- (a) The Proposed Placement will increase the issued and paid up share capital of the Company to 707,602,638 Shares.
- (b) 215,601,319 Shares (where members of the Company with registered addresses in Singapore are given an opportunity to participate in an issue of shares and convertible securities on a pro rata basis) or 50,960,528 Shares (where members of the Company with registered addresses in Singapore are not given an opportunity to participate in an issue of shares and convertible securities on a pro rata basis) may be further issued by the Company under respective limits permitted under the General Mandate.
- (c) The Placement Shares will represent approximately 8.31% of the enlarged issued and paid-up share capital of the Company after the issue of the Placement Shares.

The Placement Shares when issued and fully paid will rank *pari passu* in all respects with the existing Shares of the Company.

The Proposed Placement is being made in reliance on the exemption provided under Section 272B of the Securities and Futures Act (Chapter 289) (the "SFA"). As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

The terms of the Proposed Placement does not contravene any laws and regulations governing the Company and the Bye-Laws of the Company.

B. CONDITIONS PRECEDENT

The Proposed Placement is conditional upon, *inter alia*, the satisfaction of each of the following conditions precedent:

- (i) In respect of the Placement Agent Agreement, the obligations of the Placement Agent are conditional upon the performance by the Company of its obligations under the Placement Agent Agreement and also upon the following:
 - (a) in-principle approval for the additional listing application for the listing and quotation of the placement shares on the SGX-ST being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing and quotation of the placement shares on the SGX-ST are required to be fulfilled on or before completion date, they are so fulfilled;

- (b) the exemption under Section 272B(1) of the SFA being applicable to the proposed placement under the Placement Agent Agreement;
- (c) the approval of the Directors and shareholders of the Company (where necessary) being obtained in respect of the transactions contemplated by the Placement Agent Agreement including but not limited to the issue and allotment of the placement shares, and the same not having been withdrawn or revoked and if such consents or approvals are obtained subject to any conditions, such conditions being acceptable to the parties to the Placement Agent Agreement;
- (d) the allotment, issue and subscription of the placement shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agent Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Placement Agent;
- (e) the delivery to the Placement Agent on completion date, of a certificate, substantially in the form set out in Schedule 2 of the Placement Agent Agreement, signed on behalf of the Company by its duly authorised officers;
- (f) there not having occurred, in the opinion of the Placement Agent, any material adverse change, or any development reasonably likely to involve a prospective material adverse change, whether or not arising from transactions in the ordinary course of business, subsequent to the date of the Placement Agent Agreement which, in the opinion of the Placement Agent, is or is reasonably likely to be materially adverse in the context of the proposed placement or is reasonably likely to prejudice materially the success of the proposed placement or dealings in the placement shares in the secondary market; and
- (g) the representations, warranties and undertakings in Clause 3 of the Placement Agent Agreement remaining true and correct in all material respects as at the completion date and the Company having performed all of its obligations hereunder to be performed on or before the completion date.

If any of the conditions contained above have not been satisfied on or before the date falling six (6) weeks after the date of the Placement Agent Agreement or such other date as the parties may mutually agree, the Placement Agent Agreement shall terminate and shall be of no further effect and no party thereto shall be under any liability to the other in respect of the Placement Agent Agreement save that the Company shall remain liable for indemnities and for the reimbursement of costs and expenses reasonably incurred by the Placement Agent in respect of the placement of the placement shares up to the date of such termination.

- (ii) In respect of the Placee Placement Agreement:
 - (a) approval in-principle for the listing and quotation of the placement shares on the SGX-ST being obtained from the SGX-ST and, where such approval is subject to conditions, such conditions being acceptable to the Company and, to the extent that any conditions for the listing and quotation of the placement shares on the

SGX-ST are required to be fulfilled on or before the completion date, they are so fulfilled;

- (b) the approval of the Directors and shareholders of the Company (where necessary) being obtained in respect of the transactions contemplated by the Placee Placement Agreement including but not limited to the issue and allotment of the placement shares, and the same not having been withdrawn or revoked and if such consents or approvals are obtained subject to any conditions, such conditions being acceptable to the parties hereto;
- (c) the approval of SGX-ST (if necessary) being obtained in respect of the transactions contemplated by the Placee Placement Agreement;
- (d) there not having been any event or discovery of any fact or circumstance which would affect, render untrue, incorrect or inaccurate or give rise to a material breach in any respect of any of the representations, warranties, agreements or undertakings on the part of each of the placees contained or referred to in the respective Placee Placement Agreements deemed to be repeated on each day hereafter, down to the date of completion of the Proposed Placement in all respects with reference to the facts and circumstances existing on each such day; and
- (e) the subscription, issue and allotment, and offering (if any) of the placement shares being in compliance with the SFA in connection with offers of securities and not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority of Singapore, Bermuda or elsewhere which is applicable to the Company and/or the placees.

If any of the conditions set forth above is not satisfied on or before 25 May 2015 (or such other later date as the parties may agree) after the date of the Placee Placement Agreement, the Placee Placement Agreement shall ipso facto cease and determine thereafter, without prejudice to any rights which the Company may have against each of the placee(s) with respect to his/its failure to fulfill any of the terms of the respective Placee Placement Agreement prior to termination.

C. PROCEEDS FROM PROPOSED PLACEMENT

The estimated net proceeds from the Proposed Placement, after deducting estimated expenses pertaining to the Proposed Placement of approximately S\$0.3 million, will be approximately S\$3.2 million. 75% of the net proceeds will be used for investment purposes, and 25% of the net proceeds will be used for working capital purposes.

The Company will make periodic announcements on the utilisation of the net proceeds from the Placement as and when the funds from the Proposed Placement are materially disbursed and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds in the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

D. FINANCIAL EFFECTS

For illustration purposes only, the table below sets out the financial effects of the Proposed Placement based on the following bases and assumptions:-

- (a) The audited consolidated financial statements of the Company for the financial year ended 31 December 2013; and
- (b) The financial impact on the consolidated net tangible assets ("NTA") per Share of the Company is computed based on the assumption that the Proposed Issuance was completed on 31 December 2013 and in relation to the Company's consolidated earnings per Share ("EPS"), computed based on the assumption that the Proposed Issuance was completed on 1 January 2013.

	Before the Proposed Placement (assuming that the Convertible Bonds are not issued)	Before the Proposed Placement (assuming that the Convertible Bonds are issued and converted)	After the Proposed Placement
Share capital			
- Issued and paid up share capital (US\$)	3,244,013	3,434,013	3,728,013
- Number of Shares	648,802,638	686,802,638	745,602,638
NTA (RMB'000)	483	12,187	26,611
NTA per Share (RMB cents)	0.001	0.018	0.036
EPS (RMB cents) ⁽¹⁾	(61.88)	(61.29)	(56.46)
Earnings attributable to equity holders of the Company (RMB'000)	(420,959)	(420,959)	(420,959)
Weighted average number of shares used to calculate diluted earnings ('000)	648,802,638	686,802,638	745,602,638

Note: (1) EPS is calculated by dividing the Company's consolidated net earnings attributable to equity holders of the Company by the weighted average number of ordinary shares.

The financial effects of the Proposed Placement on the Company and the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Company and the Group after the completion of the Proposed Placement.

E. RULE 812 AND INTERESTED PERSONS

None of the Placees fall within the persons or groups of persons disallowed by the SGX-ST as set out under Rule 812 of the Listing Manual of the SGX-ST (“**SGX-ST Listing Manual**”) or are interested persons under Chapter 9 of the SGX-ST Listing Manual.

F. CHANGES IN SHAREHOLDING STRUCTURE

The Placement Shares will collectively represent approximately 9.06% of the existing issued and paid-up share capital of the Company as at the date of this Circular and 8.31% of the enlarged issued and paid-up share capital of the Company after the completion of the Proposed Placement. Based on the issued share capital of the Company as at the date hereof, the following table (assuming that the convertible bonds have not been issued and/or converted) sets out the impact on the percentage shareholding of existing Shareholders following completion of the Proposed Placement:

	As at the date hereof						After the Placement (Assuming that the convertible bonds have not been issued and/or converted)					
	Direct Interest		Deemed Interest		Total Interest		Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾
Substantial Shareholders												
Lin Daoqin ⁽⁵⁾	-	-	244,409,913	37.67	244,409,913	37.67	-	-	244,409,913	34.54	244,409,913	34.54
Qian Feng Group Limited	244,409,913	37.67	-	-	244,409,913	37.67	244,409,913	34.54	-	-	244,409,913	34.54
Lin Xiujin ⁽⁵⁾	-	-	244,409,913	37.67	244,409,913	37.67	-	-	244,409,913	34.54	244,409,913	34.54
Yong Tai Investment Company Limited ⁽⁴⁾	-	-	159,152,765	24.53	159,152,765	24.53	-	-	159,152,765	22.49	159,152,765	22.49
Yuan Limin ⁽⁴⁾	-	-	159,152,765	24.53	159,152,765	24.53	-	-	159,152,765	22.49	159,152,765	22.49
Link Profits Limited ⁽⁵⁾	-	-	85,257,148	13.14	85,257,148	13.14	-	-	85,257,148	12.05	85,257,148	12.05
Wang Chunzhi ⁽⁵⁾	-	-	85,257,148	13.14	85,257,148	13.14	-	-	85,257,148	12.05	85,257,148	12.05
Asia Brand Capital Pte. Ltd. ⁽⁶⁾	58,800,490	9.06	-	-	58,800,490	9.06	58,800,490	8.31	-	-	58,800,490	8.31
Liu Yanlong ⁽⁶⁾	-	-	58,800,490	9.06	58,800,490	9.06	-	-	58,800,490	8.31	58,800,490	8.31
Placees												
Wong Yu Chiu	-	-	-	-	-	-	11,760,000	1.66	-	-	11,760,000	1.66
Cheng Ming Kit	-	-	-	-	-	-	14,700,000	2.08	-	-	14,700,000	2.08
Tsang Yuen Wai	-	-	-	-	-	-	14,700,000	2.08	-	-	14,700,000	2.08
Forest Education Foundation Limited	-	-	-	-	-	-	2,940,000	0.42	-	-	2,940,000	0.42
Placees (UOB)	-	-	-	-	-	-	14,700,000	2.08	-	-	14,700,000	2.08
Other Shareholders	345,592,235	53.27	-	-	345,592,235	53.27	345,592,235	48.84	-	-	345,592,235	48.84
Total	648,802,638	100.00 ⁽⁷⁾	-	-	-	-	707,602,638	100.00 ⁽⁷⁾	-	-	-	-
Notes:-												

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| (1) | Based on the issued share capital of 648,802,638 Shares before the Proposed Placement. |
| (2) | Based on the issued share capital of 707,602,638 Shares after the Proposed Placement. |
| (3) | Lin Daoqin and Lin Xiujin are deemed interested in the 244,409,913 shares held by Qianfeng Group Limited, as Lin Daoqin and Lin Xiujin owns 60% and 40% of the equity interest in Qianfeng Group Limited respectively. |
| (4) | The deemed interest in the 159,152,765 shares held by Qianfeng Group Limited arises from a share purchase agreement entered into between Qianfeng Group Limited and Yong Tai Investment Company Limited dated 14 July 2014. Yuan Limin is the sole legal and beneficial shareholder of Yong Tai Investment Company Limited. Link Profits Limited and Yong Tai Investment Limited are not related in any way. |
| (5) | The deemed interest in the 85,257,148 shares held by Qianfeng Group Limited arises from a share purchase agreement entered into between, <i>inter alia</i> , Qianfeng Group Limited and Link Profits Limited dated 14 July 2014. Wang Chunzhi is the sole shareholder of Link Profits Limited. Link Profits Limited and Yong Tai Investment Limited are not related in any way. |
| (6) | Liu Yanlong is deemed interested in the 58,800,490 shares held by Asia Brand Capital Pte. Ltd, as he is the sole legal and beneficial shareholder of Asia Brand Capital Pte. Ltd. |
| (7) | Any discrepancies in figures included in this Circular between the listed amounts and the totals thereof are due to rounding. |

G. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company (other than in their capacity as director or shareholders of the Company) has any interest, direct or indirect, in the Proposed Placement.

Shareholders and potential investors should note that the Proposed Placement is subject to the fulfilment of, *inter alia*, the conditions precedent set out above and accordingly should exercise caution when trading in the shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY THE ORDER OF THE BOARD

Neo Chee Beng
Executive Chairman
25 March 2015